

**Monthly Client Memo**

27 August 2021

Dear Clients and Partners,

This message follows our last memos, which you can all consult here: [symbioticsgroup.com/covid-19/](https://symbioticsgroup.com/covid-19/)

Concerning the impact of COVID-19, economies globally are on the track of recovery. However, the renewed surge in COVID cases due to the delta variant along with increasing inflation reintroduce uncertainty. In Myanmar, where the coup has disrupted access to an already under-resourced healthcare system, the rise of COVID cases makes wider lockdowns likely. MFIs are considered essential services and therefore allowed to operate throughout lockdown.

In Peru, the election of President Castillo in July 2021 could generate political and economic instability if he maintains his promises of expropriating the main mining sites in the country. Still, his inaugural speech already presented a more moderate tone on this regard. Finally, Haiti was hit by an earthquake on 14 August, resulting in many casualties with more than 2000 people dead. Branches of our MFI partners in the affected area are currently closed, but the situation remains volatile and it is too early to give a comprehensive assessment of the longer-term impact.

- **Microfinance institutions portfolio quality:** Portfolio growth is increasing in all regions, and borrower growth is increasing in all regions except Africa. Overall, PAR<sub>90</sub> is increasing due to a reduction in moratorium payments and the rise of the delta variant. Africa and Asia pose exceptions to this development: there, PAR<sub>90</sub> levels are decreasing in correlation with higher positive portfolio growth.
- **Currencies & interest rates:** While upholding the year-to-date gains against the dollar (0.59%), emerging market currencies lost momentum in early August. Major U.S. equity bourses ended July in the red, contributing to growing fears that inflation will derail a still-nascent recovery of the U.S. economy. Globally, central banks' responses to increasing inflation are varied. While the Reserve Bank of India kept its policy rate on hold, the Brazilian Central Bank radically increased its interest rate by 100 basis points to 5.25% and announced the possibilities of a similar hike following its next meeting.
- **Liquidity & solvency cases:** No new workout cases opened in July 2021. COVID-19-related active cases dropped to eight, as of 16 August 2021. Currently, all active cases refer to workouts and represent 2.4% of total assets. Myanmar continues to face rising challenges, with the COVID-19 crisis worsening, significant flooding, and arrests and raids by the military. The number of workout cases in the country remained stable in July (4 FIs); however, ongoing USD scarcity and the government enacted "COVID holiday", continue posing difficulties for FIs to repay international lenders.
- **Demand:** Symbiotics disbursed USD 155.7 million to 37 institutions in July 2021, amounting to USD 601.5 million YTD (in 2020: USD 367.7 million). 43% of all loans were disbursed in Asia, while 32% flowed into Latin America and 12% into Europe and Central Asia and Africa, respectively. The forecast projects that Symbiotics will disburse USD 112.7 million in August 2021.
- **Fundraising:** In July, Symbiotics received subscriptions of over USD 30 million from Austrian, Nordic and Swiss clients.

You can contact your relationship manager for portfolio specific questions and perspectives. We will send you the next Monthly Client Memo in September.

Sincerely,  
Symbiotics